

# Financial Training Helps Managers Think Like Owners

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**NEW YORK** — Retail store managers who are thoroughly trained to understand the impact they can have on profitability can have a lot of influence over the company's performance, according to Deborah Foster, manager of training and development at Kroger's Co.'s Atlanta division.

“If you understand your operating statement, and you train and develop your people accordingly, they can help impact the bottom line,” she said during a panel presentation at the National Retail Federation's Big Show here this month.

Foster emphasized that financial training of store managers should be an ongoing process that becomes more advanced as these workers spend more time in the organization. When she took over the training and development role at Kroger's Atlanta division, she said the company was limiting financial training to one formal up-front lesson, and providing a thick manual for managers to refer to for future questions.

“I thought we needed the opportunity to reintroduce training around the operating statement,” she explained. “It's been a way to continue to develop our associates, so they can become more accountable and also more empowered. We want them to become engaged with their own operating statements in the stores they have been assigned in.”

Now, rather than overwhelm new managers with a big financial overview right off the bat, Kroger launches financial training for store managers with some basic introductory themes, then revisits their financial training as they reach higher levels of competence.

Often when managers are new to the company, they are so focused on making sure customers are satisfied and things are running smoothly on the sales floor that they don't take the time to learn the nitty-gritty of financial profit-and-loss statements, Foster said.

The financial training for store managers focuses in part on four areas where store managers can have an impact: reducing shrink, ordering correctly, reducing out-of-stocks and controlling expenses.

“We can control these within our four walls, and doing so will result in a decreased cost of doing business,” Foster said.

Sharon Collins, president of Catalyst Concepts, which provides an outsourced financial training program for Kroger, demonstrated a simulated program Kroger uses in which trainees can make decisions like store owners about how to improve profitability.

“You need to keep the training real, and keep it fun, and make sure they can really see the benefits,” she said.

Lori Nelson, manager of finance organizational effectiveness at Target Corp., who joined Foster and Collins on the panel, said her company recently began including financial training for managers in its annual store-manager meeting. The chain flies all 1,600 or so store managers to its headquarters in Minneapolis each summer for the two-day gathering.

“We try to educate them about how their decisions within the store have a huge impact on company [earnings],” she said, so that they “start thinking in a financial light when they are making daily decisions — make them think like a business owner.”

The financial training is developed in-house and administered in online modules.

Training store managers — called store team leaders at Target — in how to better manage hourly payroll expenses has proven to be a big benefit for the company, Nelson said, helping make the case for additional financial training — likely focused on expense reduction — at this summer's meeting.